

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,
Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**JOINT URGENT MOTION BY AMBAC ASSURANCE CORPORATION,
FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,
PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY,
AND THE COMMONWEALTH OF PUERTO RICO, SEEKING AN ORDER
(I) DEFERRING CONSIDERATION OF THE PENSIONS DISCOVERY MOTIONS,
AND (II) EXTENDING AMBAC’S DEADLINE TO FILE ITS REPLY
IN FURTHER SUPPORT OF THE PENSIONS DISCOVERY MOTIONS**

To the Honorable United States District Court Judge Laura Taylor Swain:

Movant Ambac Assurance Corporation (“Ambac”) and Respondents Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), and the Commonwealth of Puerto Rico (the “Commonwealth,” and together with the Oversight Board and AAFAF, “Respondents”), by and through the Oversight Board as the Commonwealth’s representative pursuant to section 315(b) of

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), respectfully submit this joint urgent motion for entry of an order, substantially in the form attached hereto as **Exhibit A**, (I) deferring consideration of Ambac’s *Motion To Compel Pensions Discovery* (Dkt. No. 7505) and *Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004* (Dkt. No. 7507) (together, the “Pensions Discovery Motions”) to the July 30, 2019 hearing scheduled before the Honorable Judith G. Dein, and (II) extending the time for Ambac to file its reply in further support of the Pensions Discovery Motions to July 23, 2019. In support of the Joint Motion, the parties respectfully represent as follows:

BACKGROUND

1. On June 18, 2019, Ambac filed the Pensions Discovery Motions (Dkt. Nos. 7505, 7507). The Ad Hoc Group of General Obligation Bondholders (the “GO Group”), Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (together, “Assured”), and Financial Guaranty Insurance Company (“FGIC”) filed joinders to the Pensions Discovery Motions (Dkt. Nos. 7588, 7674, 7675, 7714). The Official Committee of Unsecured Creditors of all Title III Debtors (the “UCC”) filed limited joinders to the Pensions Discovery Motions (Dkt. No. 7880, 7883).
2. On June 19, 2019, this Court referred Ambac’s *Motion for Entry of Order Authorizing Discovery Under Bankruptcy Rule 2004* to the Honorable Judith G. Dein pursuant to 28 U.S.C. § 636(b) (Dkt. No. 7514).
3. On July 9, 2019, Respondents filed their *Omnibus Opposition to the Pensions Discovery Motions* (Dkt. No. 7895).
4. On July 11, 2019, AAFAF agreed to produce responsive materials related to internal and independent audits of pension payments made by the Employee Retirement System.
5. On July 14, 2019, the parties agreed to meet and confer further on the Pensions Discovery

Motions in an effort to narrow the dispute for the Court.

6. Ambac's reply in further support of the Pensions Discovery Motions is currently due on July 16, 2019, and the Pensions Discovery Motions are set to be heard at the omnibus hearing scheduled for July 24, 2019.

7. A hearing is set on discovery matters relating to these Title III cases before the Honorable Judith G. Dein on July 30, 2019.

RELIEF REQUESTED

8. By this Joint Motion, the parties request an order that provides for the following relief:

- Consideration of the Pensions Discovery Motions (Dkt. Nos. 7505, 7507) shall be deferred to the **July 30, 2019** hearing before the Honorable Judith G. Dein, in order to provide the parties with additional time to meet and confer regarding the requests.
- The deadline for Ambac to file its reply to AAFAF's Omnibus Opposition to the Pensions Discovery Motions (Dkt. No. 7895) shall be extended to **July 23, 2019**.

9. Pursuant to Paragraph 1.H of the *Ninth Amended Notice, Case Management and Administrative Procedures* (Case No. 17 BK 3283-LTS, ECF No. 7115-1), the parties hereby certify that they have carefully examined the matter and concluded that there is a true need for an urgent motion; have not created the urgency through any lack of due diligence; have made bona fide effort to resolve the matter without a hearing; have made reasonable, good-faith communications in an effort to resolve or narrow the issues that are being brought to the Court; and have conferred with counsel for the Oversight Board, and no party opposes the relief requested herein.

NOTICE

10. The parties have provided notice of this Joint Motion to: (a) the Office of the United States Trustee for the District of Puerto Rico; (b) the indenture trustees and/or agents, as applicable, for the Debtors' bonds; (c) the entities on the list of creditors holding the 20 largest unsecured claims against COFINA; (d) the statutory committees appointed in these Title III Cases; (e) the Office of the United States Attorney for the District of Puerto Rico; (f) counsel to the Puerto Rico Fiscal Agency and Financial Advisory Authority; (g) the Puerto Rico Department of Justice; (h) all parties filing a notice of appearance in these Title III Cases. The parties submit that, in light of the nature of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

11. No prior request for the relief sought in this Joint Motion has been made to this or any other court.

Dated: July 15, 2019
San Juan, Puerto Rico

FERRAIUOLI LLC

By: /s/ Roberto Cámara-Fuertes
Roberto Cámara-Fuertes (USDC-PR No. 219002)
Sonia Colón (USDC-PR No. 213809)
221 Ponce de León Avenue, 5th Floor
San Juan, PR 00917
Telephone: (787) 766-7000
Facsimile: (787) 766-7001
Email: rcamara@ferraiuoli.com
scolon@ferraiuoli.com

MILBANK LLP

By: /s/ Atara Miller
Dennis F. Dunne
Andrew M. Leblanc
Atara Miller
Grant R. Mainland
(admitted *pro hac vice*)
55 Hudson Yards
New York, NY 10001
Telephone: (212) 530-5000
Facsimile: (212) 530-5219
Email: ddunne@milbank.com
aleblanc@milbank.com
amiller@milbank.com
gmainland@milbank.com

Attorneys for Ambac Assurance Corporation

/s/ Margaret Dale

Martin J. Bienenstock
Stephen L. Ratner
Timothy W. Mungovan
Paul V. Possinger
Margaret A. Dale
(Admitted *Pro Hac Vice*)
PROSKAUER ROSE LLP
Eleven Times Square
New York, NY 10036
Tel: (212) 969-3000
Fax: (212) 969-2900

*Attorneys for the Financial Oversight and
Management Board as representative for the
Debtors*

/s/ Hermann D. Bauer

Hermann D. Bauer (USDC No. 215205)
O'NEILL & BORGES LLC
250 Muñoz Rivera Ave., Suite 800
San Juan, PR 00918-1813
Tel: (787) 764-8181
Fax: (787) 753-8944

*Co-Attorneys for the Financial Oversight
and Management Board as representative
for the Debtors*

/s/ Elizabeth L. McKeen

John J. Rapisardi
(Admitted *Pro Hac Vice*)
O'MELVENY & MYERS LLP
7 Times Square
New York, NY 10036
Tel: (212) 326-2000
Fax: (212) 326-2061

Peter Friedman
(Admitted *Pro Hac Vice*)
1625 Eye Street, NW
Washington, DC 20006
Tel: (202) 383-5300
Fax: (202) 383-5414

Elizabeth L. McKeen
Ashley M. Pavel
(Admitted *Pro Hac Vice*)
610 Newport Center Drive
17th Floor
Newport Beach, California 92660
Tel: (949) 823-6900
Fax: (949) 823-6994
*Attorneys for the Puerto Rico Fiscal
Agency and Financial Advisory Authority*

/s/ Luis C. Marini-Biaggi

Luis C. Marini-Biaggi
USDC No. 222301
Email: lmarini@mpmlawpr.com

/s/ Carolina Velaz-Rivero

Carolina Velaz-Rivero
USDC No. 300913
E:mail: cvelaz@mpmlawpr.com

MARINI PIETRANTONI MUÑIZ LLC
250 Ponce de León Ave., Suite 900
San Juan, Puerto Rico 00918
Tel: (787) 705-2171
Fax: (787) 936-7494

*Co-Attorneys for the Puerto Rico Fiscal
Agency and Financial Advisory Authority*

CERTIFICATE OF SERVICE

I hereby certify that on this same date a true and exact copy of this notice was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record.

/s/ Roberto Cámara-Fuertes

Roberto Cámara-Fuertes (USDC-PR No. 219002)

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, et al.,

Debtors.¹

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**[PROPOSED] ORDER GRANTING JOINT URGENT MOTION BY
AMBAC ASSURANCE CORPORATION, FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO, PUERTO RICO FISCAL
AGENCY AND FINANCIAL ADVISORY AUTHORITY, AND THE
COMMONWEALTH OF PUERTO RICO, SEEKING AN ORDER
(I) DEFERRING CONSIDERATION OF THE PENSIONS DISCOVERY
MOTIONS, AND (II) EXTENDING AMBAC’S DEADLINE TO FILE ITS REPLY
IN FURTHER SUPPORT OF THE PENSIONS DISCOVERY MOTIONS**

Upon consideration of the *Joint Urgent Motion by Ambac Assurance Corporation,
Financial Oversight and Management Board for Puerto Rico, Puerto Rico Fiscal Agency and
Financial Advisory Authority, and Commonwealth of Puerto Rico, Seeking An Order
(I) Deferring Consideration of the Pensions Discovery Motions, and (II) Extending Ambac’s
Deadline To File Its Reply In Further Support of the Pensions Discovery Motions* (the “Joint

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747).

Motion”),² and the Court having reviewed the Joint Motion and the relief requested; the Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1331 and 48 U.S.C. § 2166(a); the Court determining that venue of this proceeding and the Joint Motion in this District is proper under 28 U.S.C. § 1391(b) and 48 U.S.C. § 2167(a); notice of the Joint Motion being adequate and proper under the circumstances; upon the record of the hearing on the Joint Motion; and after due deliberation and sufficient cause appearing; therefore, it is HEREBY ORDERED THAT:

1. The Joint Motion is GRANTED as set forth herein;
2. Consideration of the Pensions Discovery Motions (Dkt. Nos. 7505, 7507) shall be deferred to the **July 30, 2019** hearing before the Honorable Judith G. Dein.
3. The deadline for Ambac to file its reply in further support of the Pensions Discovery Motions shall be extended to **July 23, 2019**.

SO ORDERED.

Dated: _____
San Juan, Puerto Rico

LAURA TAYLOR SWAIN
UNITED STATES DISTRICT JUDGE

² Capitalized terms not defined in this Order shall have the meanings ascribed to them in the Joint Motion.